

# THE AFFORDABILITY INDEX



*Southern California Association of Government's Regional Housing Summit  
Gloria Ohland, VP for Communications, Reconnecting America 5/24/07*

- *Creating a national marketplace for TOD, working with cities, transit agencies, developers, investors and communities*
- *Best practices, technical assistance, research, policy reform*
- *Sponsors include: FTA, HUD, EPA, Ford, McKnight, Surdna, Brookings, Enterprise Community Partners, LISC, Corporate Sponsors, APTA*

# Center for Transit-Oriented Development



***A partnership of Reconnecting America, the Center for Neighborhood Technology, and Strategic Economics***



*Non-white Households*



*Echo Boomers*

*Baby Boomers*



## Changing Demographics are Forcing A New Housing Market

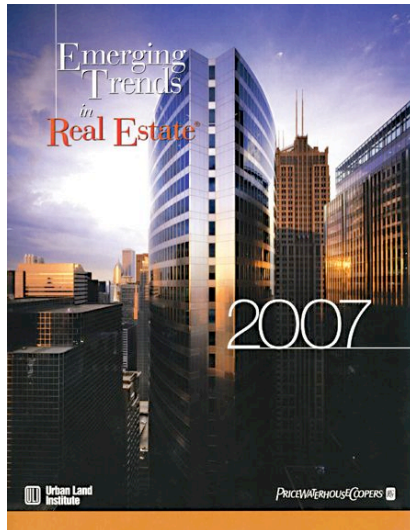
- *Singles will soon be the new majority*
- *Old people will outnumber young people by mid-century*
- *By 2010 Echo Boomers will total 34% of the population*
- *Almost half the U.S. population will be non-white by 2050*
- *Demographic groups growing most quickly -- older, non-family, non-white households -- have used transit more*

## ALMOST A QUARTER OF RENTERS & BUYERS LIKELY TO WANT TOD HOUSING IN 2030

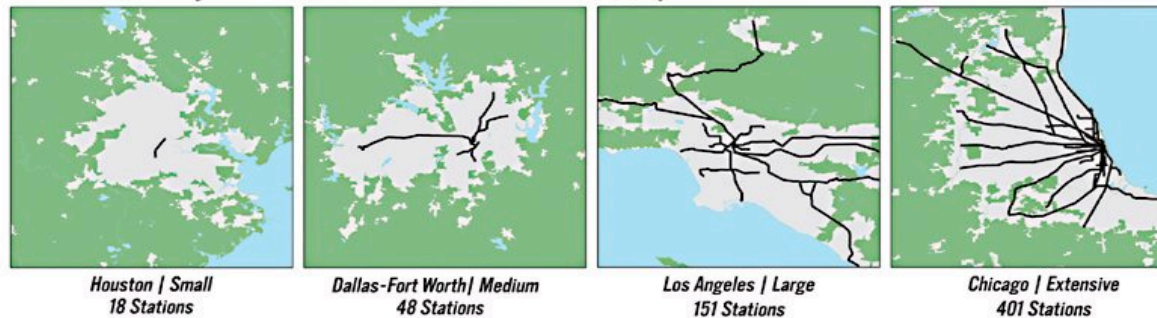
**TABLE 2:** Top Ten Regions by Potential Demand for TOD Housing

	Existing Stations	Planned Stations	2000 TOD Households	2030 Demand	Percentage Change
New York	955	6	2,876,160	5,371,866	87%
Los Angeles	113	38	261,316	1,708,447	554%
Chicago	401	8	787,204	1,503,638	91%
San Francisco	286	49	409,497	832,418	103%
Philadelphia	370	34	506,058	809,058	60%
Boston	288	7	396,261	750,726	89%
Washington, D.C.	127	11	234,202	688,582	194%
Portland	108	29	72,410	279,891	287%
Miami	60	6	62,595	271,326	333%
Dallas	48	17	46,429	270,676	483%

Source: Reconnecting America



**Four Transit Systems Shown at the Same Geographic Scale**



0 10 20 30  
Miles  
Urban Area Rail Line



TOD IS NOT JUST  
DEVELOPMENT NEAR  
TRANSIT. IT'S  
DEVELOPMENT THAT  
ALSO:

- Increases location efficiency so people can walk, bike, take transit
- Boosts transit ridership, minimizes traffic
- Expanded Mobility, Shopping and Housing Choices.
- Regional Connectivity
- Financial Return and Value Recapture.
- Place-Making and Community Revitalization

# WHAT IS TOD AND WHY SHOULD YOU CARE?

People within a *half-mile radius* are *5 times as likely to walk* to transit than others. Those who live further away are less likely to bother with the train or bus.





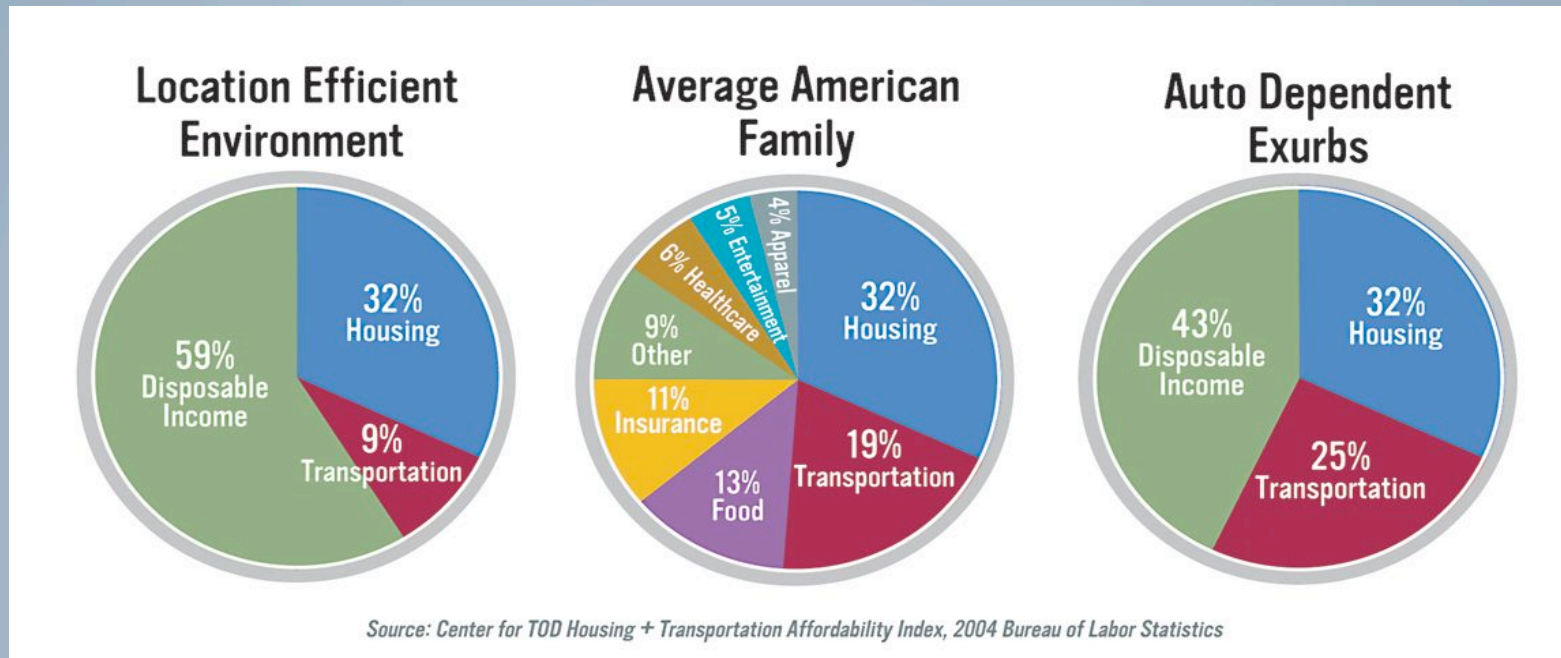
- Neighborhoods near transit today are *more racially and economically diverse* than the regional average.
- By 2030, estimated that over 16 million households will have a potential demand for living near transit
- In the future, *40 percent of these households will make less than 50% of median income.*
- *58% of TOD demand is likely to come from single person households.*
- *Land is scarce!*  
Construction costs are high!

# Diversity and Demand Collide

INCREASED LAND +  
PROPERTY VALUES =  
GENTRIFICATION +  
DISPLACEMENT

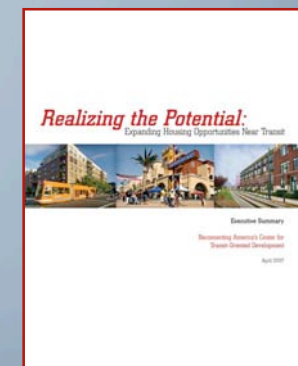


# LOCATION MATTERS WHEN IT COMES TO AFFORDABILITY BECAUSE TRANSPORTATION IS 2ND HIGHEST HH EXPENSE



AFFORDABILITY IS NOT JUST ABOUT HOUSING COSTS -- A BETTER MEASURE IS THE COMBINED COST OF HOUSING AND TRANSPORTATION

- The average HH spends 51% of income on housing & transportation; both costs are increasing.
- The average HH spends 19% of income on transportation. HHs in auto-dependent neighborhoods spend 25 percent. HHs with good transit access spend only 9%.
- This savings can be critical for low-income HHs: While the average HH spends 19% of income very-low-income HHs spend 55% or more.

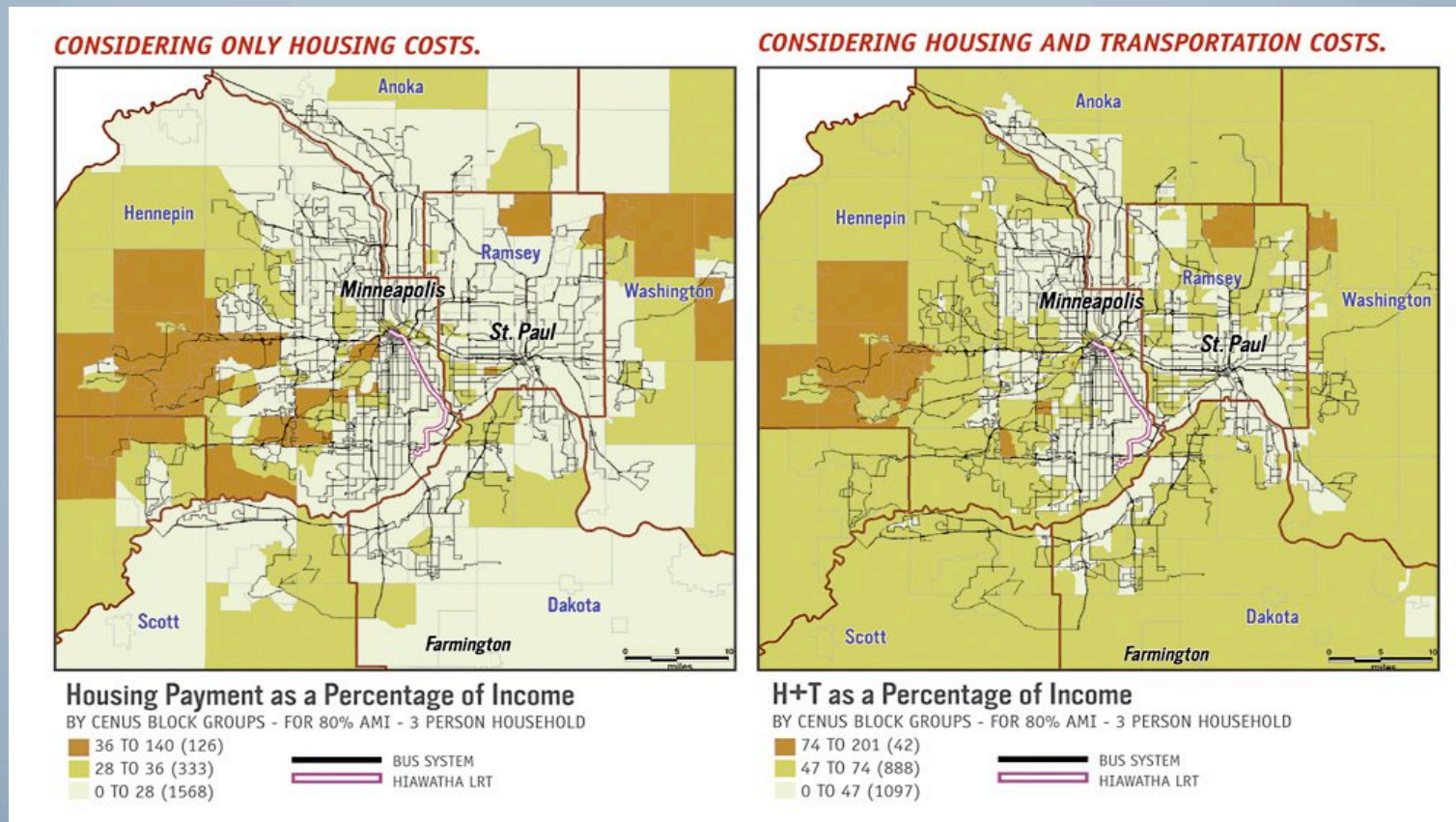




# The Great Housing + Transportation Cost Trade-Off:

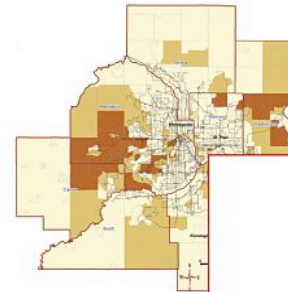
*DRIVE UNTIL YOU QUALIFY: The Center for Housing Policy found that for every \$1 HHs saved on cheaper housing in the suburbs in 2005, they spent 77 cents more on transportation.*

*WHERE CAN A 3-PERSON HH EARNING 80% OF AMI AFFORD TO LIVE? THE LIGHT YELLOW AREAS ARE "AFFORDABLE" IF:*





*Monthly H+T costs vary greatly in the Twin Cities - from \$446 in urban neighborhoods near transit to \$941 in exurban neighborhoods with no transit.*

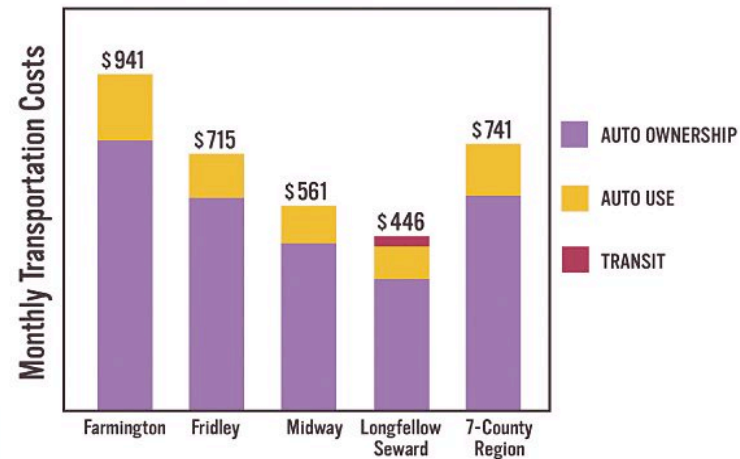


7-County Region:  
\$741 month  
\$8892 year

Fridley:  
\$715 month  
\$8580 year



**How Transportation Costs Stack Up in 4 Communities in the Twin Cities**



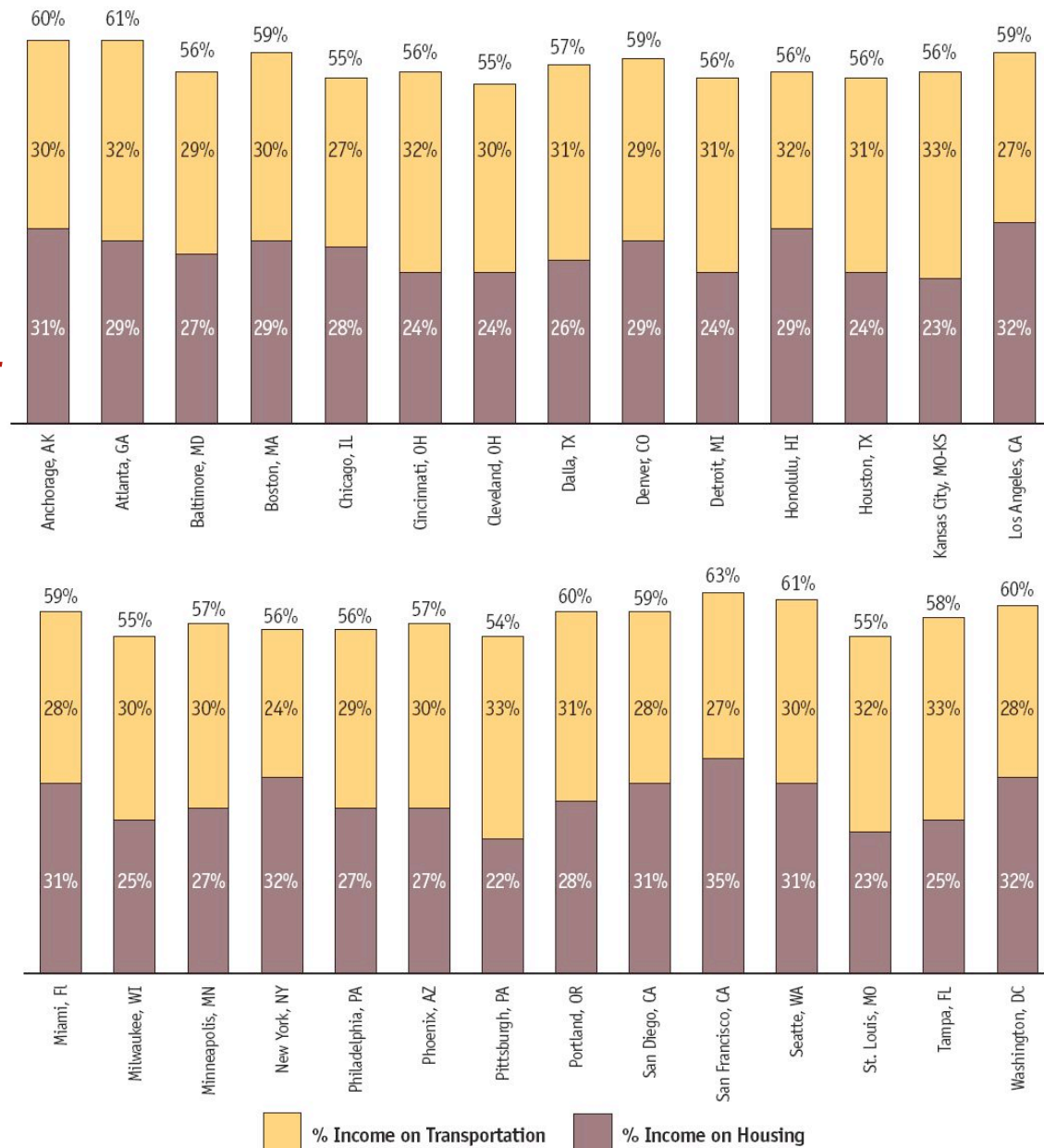
Midway, St. Paul:  
\$561 month  
\$6,732 year

Farmington  
\$941 month  
\$11,292 year



**HOUSING NEAR TRANSIT CAN BE AN IMPORTANT AFFORDABILITY STRATEGY**

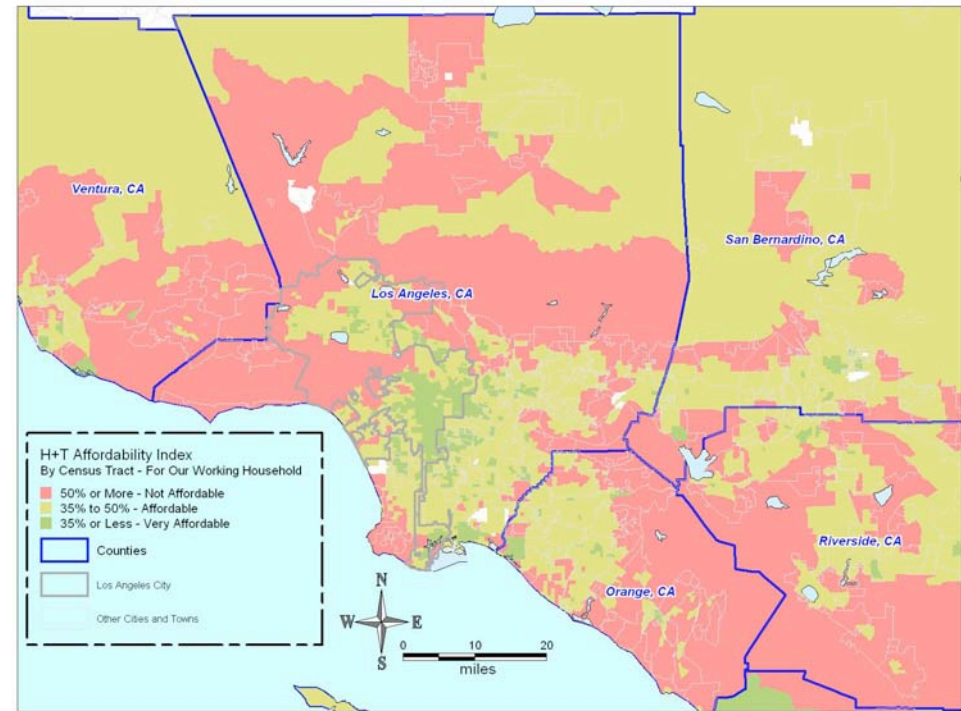
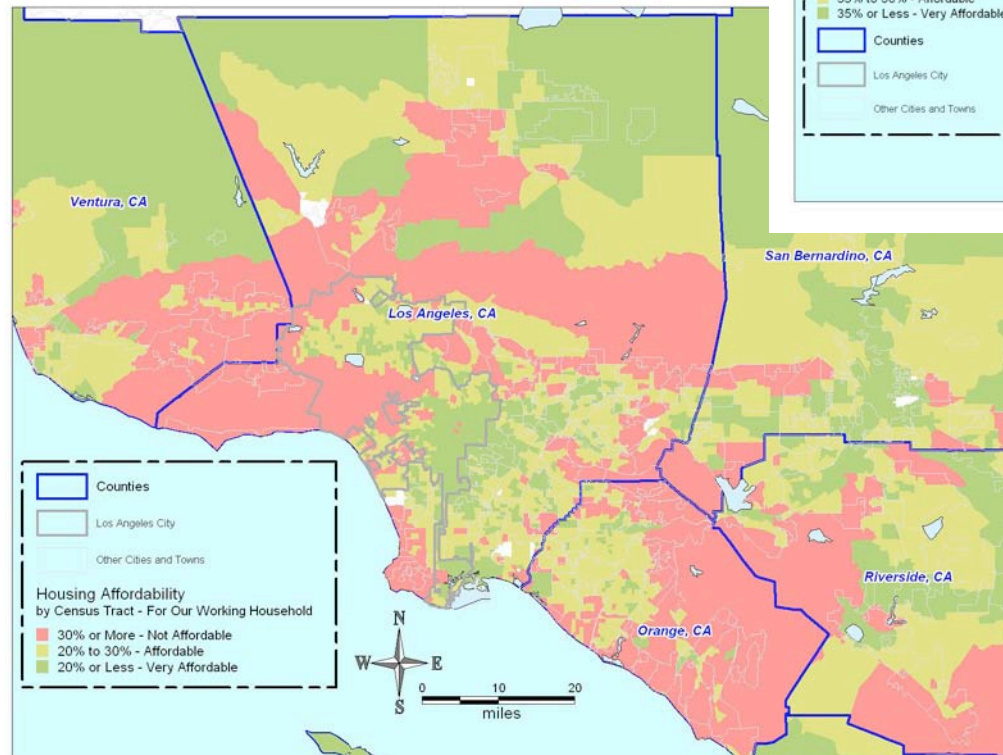
# COMBINED COSTS OF H+T = A HEAVY LOAD





HOUSING +  
TRANSPORTATION

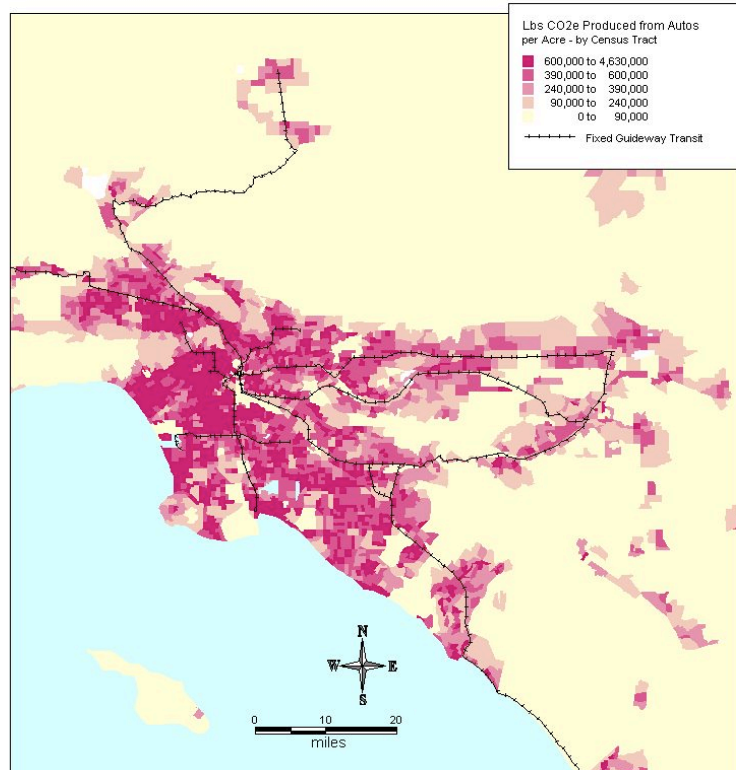
HOUSING COSTS ONLY



“AFFORDABLE” TO THE  
AVERAGE WORKING FAMILY  
(2.7 PEOPLE MAKING  
\$52,000/YEAR) WHEN  
CONSIDERING:

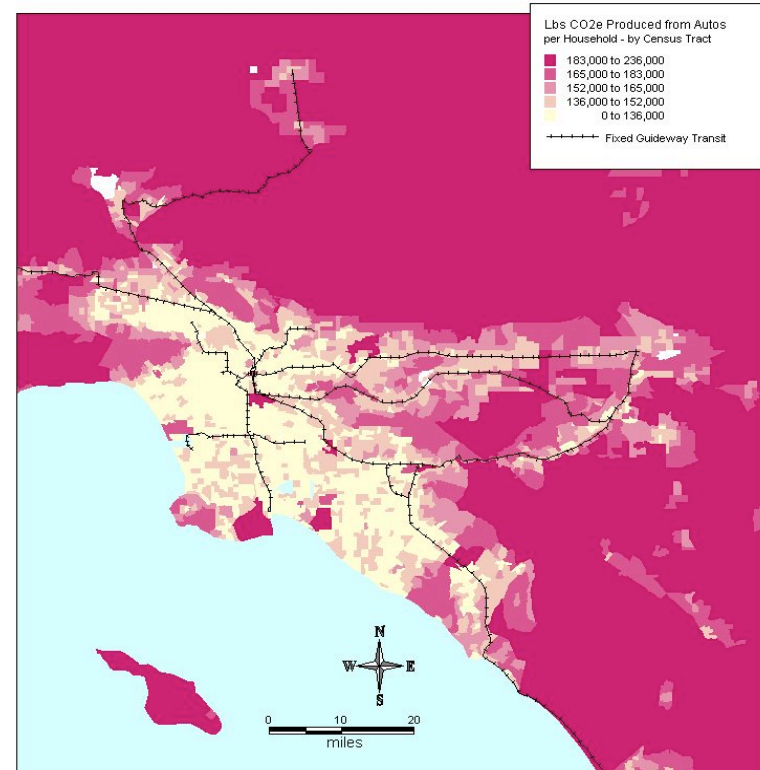
# Climate Change and Cities: Two Views

CO2 Generated by Automobiles  
in the Los Angeles Region per Year  
Two Views of Cities and CO2



Traditional View:  
Cities produce large amounts of GHGs.

CO2 Generated by Automobiles  
in the Los Angeles Region per Year  
Two Views of Cities and CO2



Emerging View:  
City dwellers produce relatively low amounts of GHGs.



## WHAT DOES IT ALL MEAN?

*That building more housing near transit can be a critical affordability strategy IF we coordinate housing and transportation decision-making and investments to promote affordability.*



FTA/HUD report “Realizing the Potential: Expanding Housing Opportunities Near Transit” recommends catalyzing the market for housing near transit with proactive strategies:

- *ID TOD opportunities in regions and target growth to these places*
- *Use publicly-owned properties for mixed-income TOD housing*
- *Provide incentives that catalyze the market for mixed-income TOD*
- *Use value capture tools including TIF, BIDs and developer agreements to help underwrite affordability*
- *Create TOD land banking funds*
- *Remove regulatory barriers to higher-density mixed-use development to reduce the cost of projects, and encourage proactive station area planning and zoning*
- *Improve local capacity to facilitate TOD, encourage public-private partnerships that engage the community and track data to keep the anti-growth rumor mill at bay.*